IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WILSON DIVISION

IN THE MATTER OF: Caremerica, Inc. Debtor,	CASE NO.: 06-02913-8-JRL CHAPTER 7
James B. Angell, Chapter 7 Trustee for Caremerica,Inc. and the consolidated Cases Plaintiff, v. BER Care, Inc. f/k/a PPS, Inc., Joshua Houghton, et. al. Defendant.	AP # 08-00174-8-JRL

ANSWER AND DEFENSES OF JOSHUA HOUGHTON TO COMPLAINT TO AVOID AND RECOVER PREFERENTIAL AND/OR FRAUDULENT TRANSFERS

NOW COMES, Joshua Houghton ("Defendant"), responding to the allegations of the Plaintiff's Complaint, and says unto the Court as follows:

1. Defendant is without sufficient information or knowledge to admit or deny the allegations in paragraph 1 of Plaintiff's complaint.

2. Defendant is without sufficient information or knowledge to admit or deny the allegations in paragraph 2 of Plaintiff's complaint.

3. The allegations in paragraph 3 of Plaintiff's complaint are admitted as to Defendant Houghton.

4. The allegations in paragraph 4 of Plaintiff's complaint are admitted as to Defendant Houghton.

5. The allegations in paragraph 5 of Plaintiff's complaint are admitted as to Defendant Houghton.

General Allegations

6. Defendant is without information or knowledge sufficient to admit or deny the allegations in paragraph 6 of Plaintiff's complaint, which allegations are therefore denied as to Defendant Houghton.

7. Defendant is without information or knowledge sufficient to admit or deny the allegations contained in paragraph 7 of the complaint, which allegations are therefore denied as to Defendant Houghton.

8. Defendant is without information or knowledge sufficient to admit or deny the allegations contained in paragraph 8 of the complaint, which allegations are therefore denied as to Defendant Houghton.

9. Defendant is without information or knowledge sufficient to admit or deny the allegations contained in paragraph 9 of the complaint, which allegations are therefore denied as to Defendant Houghton.

10. Defendant is without information or knowledge sufficient to admit or deny the allegations contained in paragraph 10 of the complaint, which allegations are therefore denied as to Defendant Houghton.

11. The allegations of paragraph 11 are denied as to Defendant Houghton.

12. The allegations of paragraph 12 are denied as to Defendant Houghton.

13. The allegations of paragraph 13 are denied as to Defendant Houghton.

Count 1

Avoidance and Recovery of Preferential Transfer Pursuant to 11 U.S.C. §§§ 547,550, and 551

14. Defendant incorporates its responses to paragraphs 1 – 13 as if set forth herein in their entirety.

15. The allegations in paragraph 15 of Plaintiff's complaint are denied as to Defendant Houghton.

16. The allegations in paragraph 16 of Plaintiff's complaint are denied as to Defendant Houghton.

17. The allegations in paragraph 17 of Plaintiff's complaint are denied as to Defendant Houghton.

18. Defendant is without information or knowledge sufficient to admit or deny the allegations contained in paragraph 18 of the complaint, which allegations are therefore denied as to Defendant Houghton.

19. The allegations in paragraph 19 of Plaintiff's complaint are denied as to Defendant Houghton.

20. The allegations of paragraph 20 of Plaintiff's complaint are denied as to Defendant Houghton.

21. The allegations in paragraph 21 of Plaintiff's complaint are denied as to Defendant Houghton.

22. The allegations in paragraph 22 of Plaintiff's complaint are denied as to

Defendant Houghton.

23. The allegations in paragraph 23 of Plaintiff's complaint are denied as to Defendant Houghton.

Count II
Avoidance and Recovery of Fraudulent Transfer Pursuant to 11 U.S.C. 548,550, and 551
(Conduit Theory)

24. Defendant incorporates its responses to paragraphs 1-23 as set forth herein in their entirety.

25. The allegations in paragraph 25 of Plaintiff's complaint are denied as to Defendant Houghton.

26. The allegations in paragraph 26 of Plaintiff's complaint are denied as to Defendant Houghton.

27. The allegations in paragraph 27 of Plaintiff's complaint are denied as to Defendant Houghton.

28. The allegations in paragraph 28 of Plaintiff's complaint are denied as to Defendant Houghton.

29. Defendant is without information on knowledge sufficient to admit or deny the allegations contained in paragraph 29 of Plaintiff's complaint, which allegations are therefore denied as to Defendant Houghton.

30. The allegations in paragraph 30 of Plaintiff's complaint are denied as to Defendant Houghton.

Count III
Avoidance and Recovery of Preferential Transfers Pursuant to 11 U.S.C. §§§547, 550, and 551
(Immediate or Mediate Transferee Theory)

31. Defendant incorporates its responses to paragraphs 1-30 as if set forth fully herein in their entirety.

32. The allegations in paragraph 32 of Plaintiff's complaint are denied as to Defendant Houghton.

33. The allegations in paragraph 33 of Plaintiff's complaint are denied as to Defendant Houghton.

34. Defendant is without information or knowledge sufficient to admit or deny the allegations in paragraph 34, which allegations are therefore denied as to Defendant Houghton.

35. The allegations in paragraph 35 of Plaintiff's complaint are denied as to Defendant Houghton.

36. The allegations in paragraph 36 of Plaintiff's complaint are denied as to Defendant Houghton.

37. The allegations in paragraph 37 of Plaintiff's complaint are denied as to Defendant Houghton.

38. The allegations in paragraph 38 of Plaintiff's complaint are denied as to Defendant Houghton.

39. The allegations in paragraph 39 of Plaintiff's complaint are denied as to Defendant Houghton.

40. The allegations in paragraph 40 of Plaintiff's complaint are denied as to Defendant Houghton.

41. The allegations in paragraph 41 of Plaintiff's complaint are denied as to

Defendant Houghton.

Count IV

Avoidance and Recovery of Fraudulent Transfer Pursuant to 11 U.S.C. §§§548, 550, and 551 (Immediate or Mediate Transferee Theory)

42. Defendant incorporates its responses to paragraphs 1-41 as if set forth herein in their entirety.

43. The allegations of paragraph 43 of Plaintiff's complaint are denied as to Defendant Houghton.

44. The allegations of paragraph 44 of Plaintiff's complaint are denied as to Defendant Houghton.

45. The allegations of paragraph 45 of Plaintiff's complaint are denied as to Defendant Houghton.

46. The allegations of paragraph 46 of Plaintiff's complaint are denied as to Defendant Houghton.

FIRST AFFIRMATIVE DEFENSE

Defendant is a good faith mediate or immediate transferee of the initial transferee that took for value in good faith and without knowledge of the avoidability of the transfers and is thus entitled to all the protections of 11 U.S.C. § 550(b)(1).

SECOND AFFIRMATIVE DEFENSE

Plaintiff is entitled to a single recovery under 11 U.S.C. § 550(d) and therefore the Defendant is entitled to a credit for any and all amounts recovered by Plaintiff on account of the transfers at issue in this case.

THIRD AFFIRMATIVE DEFENSE

Defendant pleads the defense of 11 U.S.C. § 547(c)(1) and shows that any transfers between Plaintiff and Defendant were intended as and were in fact contemporaneous exchanges for new value.

FOURTH AFFIRMATIVE DEFENSE

Defendant pleads the defense of 11 U.S.C. § 547(c)(2) and shows that any transfers between Plaintiff and Defendant were transfers in payment of a debt incurred in the ordinary course of business or financial affairs of Plaintiff and Defendant and were made in their respective ordinary courses of business or made according to ordinary business terms.

FIFTH AFFIRMATIVE DEFENSE

Defendant pleads the defense of 11 U.S.C. § 547(c)(4) and shows that Defendant provided new value to Plaintiff after any such alleged transfer.

SIXTH AFFIRMATIVE DEFENSE

Plaintiff's complaint fails to state a claim upon which relief can be granted.

WHEREFORE, having fully answered the Plaintiff's Complain, the Defendant prays:

1. That the Complaint be dismissed with prejudice;

2. That Plaintiff have and recover nothing of Defendant;

3. That Defendant be granted its costs in defending this action; and

4. For such other relief as may be just and proper.

JURY TRIAL DEMAND

Pursuant to Federal Rule of Civil Procedure 38(b) as made applicable to this proceeding by Federal Rule of Bankruptcy Procedure 9015, the Defendant hereby makes demand for a jury trial. Pursuant to Rule 9015(b), the Defendant will consent to have the jury trial conducted by the Bankruptcy Judge, as may be permitted by the Local Rules of this court.

This the 16th day of October, 2008.

WILLIAMS MULLEN

BY: ***/s/Robert K. Imperial***

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CERTIFICATE OF SERVICE

I, Robert K. Imperial, attorney for Joshua Houghton do hereby certify that the foregoing Answer was served upon the parties listed below by mailing a copy thereof to each such party at the address indicated below with its proper postage attached and deposited in an official depository under the exclusive care and custody of the United States Post Office in Raleigh, North Carolina, on the 16th day of October, 2008.

WILLIAMS MULLEN

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